



Testimony on SB 721
Labor and Employment – State Minimum Wage Rate - Increase
Senate Finance Committee
March 10, 2022
POSITION: OPPOSE

The Community Behavioral Health Association of Maryland (CBH) is the leading voice for community-based providers serving the mental health and addiction needs of vulnerable Marylanders. Our 95 members serve the majority of those accessing care through the public behavioral health system. CBH members provide outpatient and residential treatment for mental health and addiction-related disorders, day programs, case management, Assertive Community Treatment (ACT), employment supports, and crisis intervention.

We wish to be clear that employees who provide direct care and support services to the individuals we serve should be making salaries well above their current wages. Unfortunately, our Medicaid reimbursement rates are set by the state and must cover all of our expenses, including staff salaries and benefits, along with rents, vehicles used for transporting clients, gas and other fuel costs, and other non-personnel related costs involved with running an organization. As these non-personnel costs continue to rise, the amount we have left to devote to staff salaries is shrinking, even given the mandated rate increases we received through FY 26 as part of the last minimum wage legislation enacted. Additionally, our organizations are experiencing ongoing financial hardship due to the impacts of COVID and the dysfunctional claims payment vendor (Optum) that we have been subjected to since Jan. 1, 2020.

SB 721 would place further financial strain on our organizations by accelerating implementation of the \$15 minimum wage to July 1 of this year. The mandated rate increases we received were meant to offset the costs of minimum wage implementation, staggered to culminate in \$15 as of July 1, 2026. To meet this accelerated timeline of July 1, 2022, we would need our rate increases accelerated and augmented. It is important to note that even if the General Assembly should decide to accelerate our increases, the earliest year that it could take effect is FY 24. That means providers would be required to cover the \$15 minimum wage for the first year without any additional funding to do so. Because our reimbursement rates barely cover – and for some services, don't cover – our costs, our salaries are compressed, with supervisors often making little more than the staff they oversee. So, an increase to \$15/hour will impact not only those employees making less than that amount, but also those who have longer tenure or more responsibility, who will also demand – and deserve - a commensurate increase. And unlike other employers, Medicaid providers are understandably prohibited from passing along any cost increases to the clients they serve.

Maryland's behavioral health safety net is now stretched to the breaking point at a time when demand for mental health and substance use disorder services is exploding. Since the beginning of the pandemic, youth suicide attempts have increased 46% and overdose deaths have increased 18%. We simply cannot continue to absorb unfunded mandates without jeopardizing the availability of critical services.

For these reasons we respectfully oppose SB 721.

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